



I.D.E.A. Industry Update - October 10, 2003

I.D.E.A. 5th Annual General Meeting and Conference.

The I.D.E.A. 5th Annual General Meeting and Conference is scheduled to take place Thursday January 29 and Friday January 30, 2004 at the Howard Johnson Hotel in Canmore Alberta (1402 Bow Valley Trail, Canmore, AB, Toll Free: 1-888-678-4656). Conference details are in the works, so make sure to mark your calendars. Call the Howard Johnson to reserve your room now. Make sure you identify yourself as a member of the Independent Dealers Entrepreneurial Association. Bring your family and stay through the weekend . . . Canmore is a beautiful vacation spot!

Nitrogen Fertilizer Price Outlook . . . by Kevin Hursh

Nitrogen fertilizer prices are higher than a year ago, but they're down significantly compared to the record high prices recorded this spring. Opinions vary on whether farmers should buy their nitrogen requirements this fall or wait until closer to spring seeding.

Ken MacQuarrie, the Manager of Crop Nutrition with Agricore United in Winnipeg, says last fall the price of urea (46-0-0) was in the range of \$310 to \$320 per tonne over most of the prairie region. Farmers who purchased urea this spring paid as much as \$425 a tonne.

Anhydrous ammonia was correspondingly high this spring at well over \$700 a tonne for full service product. MacQuarrie and other analysts say the current price of urea ranges from about \$330 to \$365 a tonne, while anhydrous is in the \$600 to \$625 range.

In the vast majority of cases over the years, the price of nitrogen has risen as spring approached. Farmers could normally save money by buying early. With the price this fall above the price of a year ago, there has been speculation that new price records will be set before farmers go to the field in the spring.

Ken MacQuarrie notes that a cold winter in the United States could increase the demand for natural gas. Higher natural gas prices generally lead to higher nitrogen prices. However, at this point, he believes natural gas prices look relatively stable, which should bode well for relatively stable nitrogen prices.

There are also analysts who believe nitrogen prices may fall before next spring, even though that sort of price move would be a rare occurrence. (Reprinted from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)

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As a Reminder . . .

There are many benefits to being a member of I.D.E.A. such as

- a listing in the online member directory
- an online service and equipment exchange
- regional seminars on pertinent topics, such as handling credit, budgeting, etc., at no cost, or reduced rates
- sharing of industry operating numbers
- a regular newsletter
- regular email/fax update about the latest industry happenings
- networking opportunities
- a membership decal promoting your business as independent dealer
- access to a forum for discussing business ideas and issues
- communication with peers, the ability to share ideas and learn from seasoned agricultural dealers

New Markets for Canadian Soybeans . . . by Owen Roberts

A \$24-million a year windfall is predicted for Canadian farmers by 2020 if they can capitalize on value-added opportunities and new markets for soybeans.

Guelph-based Soy 20/20, a self-described "government, university and industry partnership designed to stimulate global bioscience opportunities for Canadian soybeans", said research-driven technologies such as biodiesel and new soy food products for health-conscious consumers could consume one million acres of soybeans by 2020.

These predictions were part of the organization's comprehensive annual report, released at its first annual general meeting earlier this month. Soybeans have become the top field crop in Ontario, meaning this development could affect almost every crop farmer in the province.

New markets are vital for the industry. Soybean acreage has grown 7.7 per cent per year from 1977 to 2002, with yield increasing 2.6 per cent annually. South America has entered the soybean export market, putting pressure on the global price and supply.

Ontario's real strength has been food-grade soybean sales to Asia (mainly Japan). Sales skyrocketed through the 1990s, and still have great potential because of the province's superior varieties, reliable identity preservation systems and established relationship with Japan. That market will continue growing, but only at about 2.5 per cent a year, says the Soy 20/20 annual report, mainly because of increasing acreage in Asia. So, the industry is eager to find other markets.

Soy 20/20 predicts the best potential for soy lies with biodiesel and domestic soy food, one of the fastest-growing markets in North America. Soy 20/20 predicts per capita soy protein consumption -- just 0.68 grams a day now (compared to 0.32 grams per day in the U.S.) -- will start catching up to the global average of 2.36 grams per day, as North Americans start learning ways to incorporate soy into their diets.

And on the biodiesel frontier, Soy 20/20 predicts that meeting anticipated increases in soybean-based biodiesel production will require almost 364,000 acres of soybeans. That should generate at least a 20-cent per bushel premium, the estimated current cost of transporting soy from the U.S. to make biodiesel.

Soy 20/20 director Greg Penner says coordinated production is essential for these predictions to materialize.

"We can learn a lot from the success of food grade soybean exports to Asia," he says. "A key part of that success was the development and ongoing management of the entire value chain. We can use the linkages that were built to deliver that opportunity -- and the lessons learned -- to build the value chains necessary to deliver on new opportunities." (Reprinted from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)